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Malaysia

Oilseeds and Products

Update (October)

2007

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Report Highlights:

Malaysia's crude palm oil (CPO) production rose 2.7 percent to 1.6 MMT in September, bringing total CPO production for 2006/07 to 15.3 MMT. The increase in palm oil exports was offset by a bigger increase in CPO production, resulting in an increase in carryout stocks to 1.46 MMT at the end of September. Palm oil prices strengthened to a new record high for the year, in line with the increase in global soybean prices. Post estimates CPO output at 4.2 MMT for the Oct-Dec period, bringing total CPO production for calendar year 2007 to 15.4 MMT.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Kuala Lumpur [MY1]
[MY]

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Executive Summary

Production

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production rose 2.7 percent to 1.6 MMT in September 2007, bringing total CPO production for 2006/07 to 15.3 MMT. Output in Peninsular Malaysia was marginally down (-0.4%) while East Malaysia's production rose 6.7 percent. Compared to September 2006, output during September 2007 was half a percent down. The month-long fasting for the Muslim population that occurred from mid-September to mid-October might have caused some disruption in harvesting. Post estimates CPO output at 4.2 MMT for the Oct-Dec period, bringing total CPO production for calendar year 2007 to 15.4 MMT.

Price

Palm oil prices strengthened strongly during the month of October in line with the increase in global soyoil prices. Overall, the monthly average delivered CPO price rose from RM2,582/MT in September to RM2,783/MT in October. For comparison, the average CPO price for October 2006 was RM1,515/MT. Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also increased from US\$773/MT in September to US\$850/MT in October.

Stocks

The increase in palm oil exports was offset by a bigger increase in CPO production, resulting in an increase in carryout stocks to 1.46 MMT at the end of September. With an expected seasonal downturn in CPO output in the Oct-Dec quarter, Post expects the stock level to decrease to 1.3 MMT by the end of December.

Trade

Preliminary official PO exports increased by 12 percent to 1.4 MMT in September. Cargo surveyor Societe Generale de Surveillance reported exports of 1.1 TMT for the first 25 days of October, 3.3 percent higher than the amount exported during the corresponding period of the previous month.

Exchange Rate: US\$1.00 = RM3.396 (Sep 30,2007); RM3.340 (Oct 31,2007)

Other Relevant Reports

Oilseeds & Products Annual (AGR Number MY7008)
<http://www.fas.usda.gov/gainfiles/200703/146280491.pdf>
Oilseeds & Products update (Sep) (AGR Number MY7035)
<http://www.fas.usda.gov/gainfiles/200710/146292584.pdf>

Annual Situation

Minor changes in PS&D table for palm oil reflect the final official data for the month of September.

	Revised 2005/06	Prelim 2006/07	Forecast 2007/08
(1,000 MT)			
Beg Stock	1,436	1,800	1,463
Production	15,486	15,292	16,600
Imports	696	265	300
Total Supply	17,618	17,357	18,363
Exports	12,781	13,703	13,880
Domestic Use	3,037	2,191	3,133
Ending Stock	1,800	1,463	1,350

Quarterly Outlook for Palm Oil

	2006 1/	2007 2/	2006 1/	2007 2/
	Jul-Sep	Jul-Sep	Oct-Dec	Oct-Dec
(1,000 MT)				
Beg Stocks 3/	1,646	1,200	1,799	1,463
Prod- Pen. Mal	2,664	2,522	2,127	2,300
- East Mal	1,858	1,996	1,969	1,870
- Total	4,522	4,518	4,096	4,170
Imports	51	65	58	50
Total Supply	6,219	5,783	5,953	5,683
Exports 4/	3,553	3,730	3,940	3,800
Dom Disap 5/	867	590	507	583
End Stocks	1,799	1,463	1,506	1,300

1/ Revised;

2/ Forecast;

3/ Stocks include crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate
and all intra-Malaysia trade;

5/ Residual

Production

	2006	2006	2007	2007	2007
	Sep	Jan-Sep	Aug 1/	Sep	Jan-Sep
(1000 MT)					
CPO:					
Pen. Malaysia	905	6,845	869	866	6,104
East Malaysia	705	4,940	690	736	5,092
- Total /1	1,610	11,785	1,559	1,602	11,196
Palm Kernel: Malaysia	412	3,094	398	411	2,906
Palm Kernel Oil: Malaysia	183	1,451	179	187	1,359
Palm Kernel Meal: Malaysia	206	1,635	200	209	1,535

1/ Revised

Price

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Oct 2006	1,515	441	450	408
Nov	1,690	487	493	432
Dec	1,865	548	553	482
Jan 2007	1,930	567	574	517
Feb	1,927	567	578	526
Mar	1,959	585	588	544
Apr	2,209	648	676	624
May	2,472	748	752	721
Jun	2,609	792	796	777
Jul	2,634	787	795	763
Aug	2,538	771	791	743
Sep 1/	2,582	773	794	735
Oct (till 29)	2,783	850	862	805

1/ Revised 2/ From June 2006, Prices are for West Malaysia only

Exchange Rate: US\$1.00 = RM3.396 (Sep 30,2007); RM3.340 (Oct 31,2007)

Stocks

	2006	2007	2007	2007
	Sep	Jun	Jul 1/	Sep
(1,000 MT)				
Crude P. Oil	1,130	577	725	746
Processed PO	670	730	727	717
- Total PO	1,800	1,307	1,452	1,463
Palm Kernel	199	137	159	164
P. Kernel Oil	362	190	191	218

1/ Revised